



October 26, 2005

Ms. Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Ms. Rupp:

This letter is in response to the Notice of Proposed Rulemaking issued by the National Credit Union Administration (NCUA) requesting comments on its proposed changes to part 741 governing the activities and investments of state chartered federally insured credit unions. I am the CEO of a state chartered credit union in Texas, so your proposed rule could (and would, if implemented as currently drafted) have a *significant negative impact* on our operations.

NCUA *must* have a different over site objective when reviewing the operations of state chartered institutions. The goal should be to ensure that these institutions do not pose an inordinate risk to the insurance fund; the objective should not be to micro manage the operations of state chartered credit unions and impose NCUA's narrow view as to what are appropriate business endeavors for state chartered credit unions.

Before imposing a rule that will have widespread impact, NCUA should demonstrate a clear and compelling case for the rule. This has not been done. Where are the credit union failures that have occurred because the rule was not in place? Where are the losses to the insurance fund or even an increased risk because the rule was not in place? The states, under their responsibilities for state chartered credit unions, have done an outstanding job in ensuring the safety and soundness of activities and investments carried on by the various credit unions. This new rule modification is not needed.

I strongly urge that the NCUA modify this unjustified power grab and allow the state chartered credit unions to get on with their business – something we have been doing successfully for a number of decades.

Sincerely,

A handwritten signature in black ink that reads "Chet Kimmell". The signature is written in a cursive, slightly stylized font.

Chet Kimmell
CEO, Neighborhood Credit Union

cc: Suzanne Yashewski